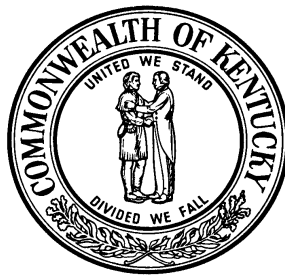


**OWEN COUNTY BOARD OF EDUCATION'S
ADMINISTRATION OF ADULT EDUCATION GRANTS
FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION**

**For The Period
July 1, 2008 Through June 30, 2009**



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September 14, 2010

Reecie Stagnolia, Vice President
Kentucky Adult Education
Council on Postsecondary Education
1024 Capital Center Drive, Suite 250
Frankfort, KY 40601

Don Martin, Superintendent
Owen County Board of Education
1600 HWY 22 East
Owenton, KY 40359

Re: Adult Education Grants

Dear Mr. Stagnolia and Mr. Martin:

This report contains the results of the performance audit of Owen County Board of Education's administration of the adult education grant for the fiscal year (FY) ending June 30, 2009. The Council on Postsecondary Education and Kentucky Adult Education contracted with this office to conduct performance audits of selected local adult education programs. This report represents our findings, recommendations, and the program's responses.

The Auditor of Public Accounts conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We greatly appreciate the courtesies and cooperation extended to our staff during the audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", written over a horizontal line.

Crit Luallen
Auditor of Public Accounts

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**OWEN COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF ADULT
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2009**

EXECUTIVE SUMMARY

PURPOSE AND SCOPE

The Council on Postsecondary Education (CPE) and Kentucky Adult Education (KYAE) selected the Owen County adult education program for a limited scope performance audit of its adult education grant. The Owen County Board of Education is responsible for the administration of this grant. An on-site review was conducted on April 27 through April 28, 2010 to address the following objectives:

- Determine whether the local program's expenditures comply with the terms of their grant agreement and reconcile to invoices submitted.
- Reconcile student and faculty data electronically submitted to KYAE through the Adult Education Reporting Information Network (AERIN).
- Determine whether the local program's professional development activities comply with the FY 2008-2009 professional development policies and procedures.
- Report internal control weaknesses identified during our audit that relate to the audit's objectives.

To accomplish these objectives, the performance audit team reviewed the Policy and Procedure Manual for Kentucky Adult Education, as well as the local program's grant proposal and final agreement with KYAE. During the on-site review, the audit team reviewed the program's accounting records (trial balance/general ledger), interviewed program administrators regarding internal controls related to the above grants, and tested samples of expenditure documentation, participant files, and personnel files for compliance with applicable requirements. Below is the summary of findings:

Finding	Disallowed Costs
One participant's file did not contain sufficient evidence to support their attendance hours recorded in AERIN.	N/A
One full time instructors' professional development training did not include one professional development activity from a specified list in the KYAE Policy and Procedure Manual.	N/A
Five part-time employee files did not have documentation to support the required level of professional development training.	N/A
Two employee files did not have documentation to support the online course, KYAE 200: <i>Orientation to Adult Education</i> , was completed within 30 days of employment as required.	N/A
One new clerk's file did not have documentation to support the required completion of the <i>NRS Data Flow</i> online course.	N/A
One employee working as an Instructor's Aide did not have a GED or a high school diploma.	N/A

**OWEN COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF ADULT
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY
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RESULTS AND RECOMMENDATIONS

FINANCIAL REPORTING AND COMPLIANCE

Scope and Methodology

The KYAE-10 Expenditure Reports were compared to the line item budget approved in the final agreement. This comparison was used to determine whether the program's reimbursements complied with the approved budget.

The KYAE-10 Expenditure Reports were then compared to the local program's internally generated financial records. This comparison was used to determine whether the program's accounting records support the total amount requested for reimbursement on the KYAE-10 Expenditure Reports.

Findings

No exceptions were noted.

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PARTICIPANT ELIGIBILITY AND RECORD KEEPING

Scope and Methodology

A total of 21 participants were selected randomly from the electronic student data sent from KYAE. Documentation maintained in the participant files was compared to the electronic student data. We examined the files for the following:

- Proper eligibility documentation.
- Proper assessment testing.
- Evidence to support the achievement of goals/objectives reported to KYAE.
- Other requirements based upon the applicable program requirements.

The participants tested received services during the period from July 1, 2008 through June 30, 2009.

Findings

Proper file maintenance and accurate data entry is important to support and document participant data submitted electronically in AERIN. One participant's file did not contain sufficient evidence to support their attendance hours recorded in AERIN.

Recommendations

We recommend that attendance hours be accurately recorded in AERIN for all participants. Staff entering participant data should require complete documentation for any data entry performed on a participant and any file deficiencies should be reported to the Program Director.

Program Response – [A draft report was provided to program management to request their comments and any planned corrective actions related the finding. Program management was given a reasonable amount of time to adequately respond to this request.]

The instructor was working with the student in his home. It appears that she had hours on her calendar that were not on the students time sheet.

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PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

A sample of payroll disbursements was judgmentally selected for payroll testing. Documentation of hours worked was examined for existence and approval. Personnel files were examined to verify that staff had received the required professional development training hours and had the proper educational credentials required for their position.

Findings

All instructors who work 20 hours or more each week are required to complete one professional development activity from a specified list in the KYAE Policy and Procedure Manual as part of their required eight hours of professional development training. One instructor did not comply with this requirement.

CPE and KYAE require part-time staff obtain two hours of professional development training. Five employee's file did not have documentation to support the required level of professional development training.

New instructors and instructor aides working 20 or more hours per week must complete the KYAE 200: *Orientation to Adult Education* online course during the first 30 days of employment. Two employee files did not have documentation to support the online course, KYAE 200: *Orientation to Adult Education*, was completed as required.

New clerks involved in data entry must attend AERIN Training for New Users and complete the *NRS Data Flow* online course. One applicable employee's file did not have documentation to support the required completion of the *NRS Data Flow* course.

CPE and KYAE require that instructors' aides have a high school diploma or GED. One employee working as an Instructor's Aide did not have evidence of a high school diploma or GED on file.

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Recommendations

We recommend that instructors who work 20 hours or more each week complete one of the professional development activities listed in the KYAE Policy and Procedure Manual and that this information is documented in the employee's file.

We recommend that instructors receive at least the required hours of professional development training and that this information is documented in the employee's file.

We recommend that all new instructors, instructor aides, and clerks complete the required professional development training and that this information is documented in the employee's file.

We recommend that the program ensure that instructors' aides have the required credentials prior to hiring and that this information is obtained and maintained in the employee's file.

Program Response – [A draft report was provided to program management to request their comments and any planned corrective actions related the finding. Program management was given a reasonable amount of time to adequately respond to this request.]

One employee is both instructor and director and her PD is different from year to year. Even though she did not take any of the courses listed on page 47 in 08-09, she has taken several of the listed courses.

There were issues with the PD in 08-09 for two employees who were subs. The director did training with them but did not send them to any PD.

The employee in question was hired in 1994 and was grandfathered into the current requirements for instructors. It was not required at that time that she provide documentation proving her educational level. She is currently out of the country so we are not able to acquire proof of high school diploma, but are confident that she has it.

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PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

A sample of 7 expenditures, representing at least 20 percent of the total purchases, was selected judgmentally from the detailed general ledger. These expenditures were tested for authorization/approval, supporting documentation, and proper recording. We also verified that the expenditures were made during the grant period from July 1, 2008 through June 30, 2009.

Findings

No exceptions were noted.

PROFESSIONAL DEVELOPMENT REIMBURSEMENT COMPLIANCE

Scope and Methodology

Professional development expenditures were tested for proper authorization, supporting documentation, and adherence to approved rates and reimbursement policies. A sample of 1 expenditure, representing at least 20 percent of the total professional development expenditures, was selected judgmentally from the detailed general ledger.

Findings

No exceptions were noted.

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INTERNAL CONTROLS RELATING TO GRANT

Scope and Methodology

Owen County Board of Education's Program Director was given an Internal Control Questionnaire regarding the controls in place for expenditures, bank reconciliations, revenue, and payroll. The questionnaire was completed by the program director and/or the fiscal administrator and reviewed by the audit team for any significant control deficiencies.

Findings

No significant control deficiencies were noted.